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NEA FOR FRONT OFFICE, NSC FOR ABRAMS/DORAN/MUSTAFA

E.O. 12958: DECL: 01/26/2016  
TAGS: [PREL](#) [PGOV](#) [KWBG](#) [PBTS](#) [IS](#) [KPAL](#) [KDEM](#)  
SUBJECT: PALESTINIAN LEGISLATIVE ELECTIONS: DAY AFTER  
ELECTION DAY SITREP # 1 AS OF 1:00 PM ON JANUARY 26, 2006

Classified By: Consul General Jake Walles. Reasons: 1.4 (b) and (d).

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Summary  
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¶1. (C) Palestinian political figures awoke on January 26 to the signs of a political earthquake, with Hamas now generally expected to gain a majority in the new Palestinian Legislative Council (PLC). Fatah candidates Sa'eb Erekat and Mohammed Dahlan said the results were "a disaster" and spoke of Fatah's incapacity to run an effective campaign. Abu Mazen's chief of staff says the President is still coming to grips with the results, and is unlikely to make any public statements until the CEC issues preliminary final results at ¶1900. Meanwhile, the PA appears to be heading for a financial crisis. EU Special Envoy Mark Otte noted that the PA now faces several simultaneous crises: political, financial, security, and a possible constitutional crisis.

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Palestinian Political Figures on Probable Hamas Majority  
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¶2. (C) A series of senior Palestinian political figures provided Consul General with views of the Palestinian political class as they come to grips with what is likely to be a Hamas majority in the PLC:

-- Central Elections Campaign (CEC) Chairman Hanna Nasser called early in the morning to discuss preliminary results, saying that Hamas would "definitely" get more seats in the PLC than Fatah. He and his staff are in contact with the various political factions as counting continues; the CEC plans to announce preliminary final results at 1900 local.

-- Successfully re-elected Fatah member Sa'eb Erekat termed the projected results "a disaster." He also thought that Hamas would gain more than 70 seats.

-- Presidential Chief of Staff Rafiq Hussein said the President's Office had the same information as everyone else: Hamas was likely to get a majority. He cautioned that the numbers were not final, and could still change. Hussein said that Abu Mazen is "trying to understand" what happened, and was now focused on the security implications of the results, which could be significant. Abu Mazen would then turn to the political ramifications, and would not likely make any public statements until the CEC announcement at 1900.

-- Successful Fatah candidate Mohammed Dahlan confirmed that

Hamas would gain a majority. He opined that Hamas should form a government and that Fatah should stay out. Dahlan said "we have to reform this piece of s--t called Fatah." He was very angry with Abu Mazen for allowing the chaos in Fatah to continue in the runup to the campaign and for appointing the "incompetent Nabil Sha'ath" as Fatah campaign manager. Dahlan thought that "Abu Mazen should dismiss all the leadership in Fatah" and start over. He thought that Hamas would not actually be able to govern, but that he would rather have "one year of chaos" than "going on like this."

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PA Could Collapse Financially Within 48 Hours  
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13. (C) Deputy Finance Minister Al-Wazir called EconChief at 11:15 am to report that the PA could collapse financially within 48 hours. Palestinian and Jordanian bankers told him that they are no longer willing to extend credit to the PA, given the election results. Only cash will be accepted. Al-Wazir said he spoke with Israeli Acting Prime Minister Olmert's office about the scheduled January 29 transfer of clearance revenue (estimated at NIS 320 gross, NIS 260 net after electricity, sewage, and medical bills are deducted) to encourage that the transfer continue as schedule. However, al-Wazir conceded that it was unlikely that the GOI would do so.

14. (C) Without the clearance revenue and bridge loans from the commercial banks, al-Wazir said he would not be able to pay January salaries next week, even if the Saudi and Qatari governments transfer what they had promised. He noted that there are already rumors circulating that the PA cannot pay salaries. He is very concerned about a PA payment of NIS 50 M to Israeli fuel provider Dor due today, January 26. The Arab Bank manager told him the check would bounce, so he is

trying to postpone payment until he can gather enough cash to put into the PA's Arab Bank account. Al-Wazir estimated that there is only a one-day supply of fuel in the West Bank and Gaza. If hoarding begins, the supply could be exhausted within 12 hours.

15. (C) Al-Wazir confirmed that Prime Minister Quraya' had resigned and called for Hamas to form the next government. Al-Wazir said that the PA could only stay afloat in the short-term if Saudi Arabia and Qatar substantially increased their originally-planned transfers to the PA. Al-Wazir said that Hamas has "bitten off more than it could chew," since it will not be able to govern the PA without external assistance. He said he hoped Hamas would decline to form a cabinet and that a coalition cabinet between Fatah and the independents would be formed to govern the PA. However, in order to forestall an immediate crisis, al-Wazir said that external assistance from the Gulf states was urgently required in order to allow a political compromise to be formulated.

16. (C) EU Middle East Envoy Mark Otte, in a meeting with Consul General on January 26, corroborated al-Wazir's points, and said he suggested that EU member countries would be able to continue financial assistance to the PA given the projected election results. He noted that the PA now faced several impending, simultaneous crises:

- A political crisis on dealing with the results and forming the next government;
- A financial crisis, due to impending drops in financial assistance and transfers;
- A security crisis as Fatah and al-Aqsa attempted to deal with the election results;
- A constitutional crisis if Abu Mazen really decided to resign.